



# COMMISSION NEWS

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ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

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TO: EDITORS, NEWS DIRECTORS  
FOR: IMMEDIATE RELEASE

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## **DEFAULT ORDER ENTERED AGAINST TEMPE BOILER ROOM PRINCIPALS & FIRMS ORDERED TO REPAY \$6.2 MILLION**

PHOENIX – The Arizona Corporation Commission on Thursday ordered two Tempe-based “check-cashing” companies, Republic Cash Advance, Inc. and Quick Cash Advance, Inc., to repay investors after they were caught operating a telemarketing scheme to defraud several hundred investors throughout the United States. Approximately 420 individuals invested more than \$6.2 million in the scam. Also named in the Order were the companies’ president and director, Curtis J. Billups, 74, of Maricopa, Arizona, and the companies’ local project manager, Mark N. Ferguson, 34, from Phoenix.

The Commission investigation revealed that Republic Cash Advance and Quick Cash Advance, operating out of the same offices in Tempe, recruited a group of mostly college-age telemarketers to offer and sell investments in promissory notes and “membership units” to a pool of prospective investors throughout the United States. Since at least the fall of 1998, the respondents were involved in offering or promoting eight distinct investment projects:

- Check-cashing ventures with
  - Republic Cash Advance of Tampa, LLC
  - Republic Cash Advance of Orlando, LLC
  - Quick Cash Advance of Fort Lauderdale, LLC
  - Quick Cash Advance of Miami, LLC
  - Quick Cash Advance of Dade County, LLC, along with
- Two factoring programs with Republic Cash Advance and one Quick Cash factoring program. A “factor” is an agent or middleman who buys another company’s corporate debts and accounts receivable at a discount in exchange for the right to collect the full

amount at a later date. In this case, investors were being recruited to provide capital for the factoring program with the promise of receiving large monthly interest payments for a specified period.

Neither Billups nor Ferguson requested a hearing with the Commission, and none of the corporate entities requested an opportunity to contest the allegations. For those reasons, a default order was entered by the Commission.

In its order, the Division charges that Republic and Quick Cash, through the direction of Billups and Ferguson, intended to raise millions of dollars from the “boiler room” style telemarketing project before folding up their Tempe sales operations. Billups and Ferguson were not registered to offer or sell securities in this state. Additionally, the investments were not registered with the Securities Division as required by the state securities laws.

The Commission found that Republic initially began soliciting prospective investors to invest in a Florida check-cashing/payday advance project in 1998 under the name Republic Cash Advance of Tampa, LLC. During this offering, Billups and his telemarketers told prospective investors that their money would be used to establish and operate a chain of check-cashing stores in the Tampa, Florida area. Instead, Billups and his associates used the majority of the money for salaries, commissions, travel and other non-operational expenses. By August 2001, Billups and his salesmen had offered and sold seven additional investment programs.

Despite receiving orders from a number of state securities regulators to stop soliciting investors, the two companies continued to sell investments in one check-cashing venture after another. Prospective investors were told that they could earn up to 25 times their initial investments in these programs. The respondents concealed the fact that these programs were steadily losing money. Republic and Quick Cash also began paying various telemarketing firms sales commissions upwards of 45 percent for each investment sold. Investors were unaware of these inflated commissions.

Although Respondents raised at least \$6.2 million from these various check-cashing programs, none of these business projects ever became viable. In December 2001, Billups informed investors that because of the terrorist attacks on September 11, all of the investment programs had collapsed. None of the investors have recovered any of their investments since this December notification.

The Commission found that the respondents violated the Arizona Securities Act by:

- Selling unregistered securities,
- Selling securities without licenses to do so,
- Committing fraud,
- Failing to disclose that several other state agencies had earlier issued cease and desist orders against the respondents and,
- Making multiple material misrepresentations and omissions to more than 420 investors.

The Order requires Respondents to cease violating the Securities Act, to repay investors \$6,248,492, and to pay an accompanying administrative penalty of \$100,000.

The Arizona Corporation Commission's Securities Division advises that before investing with any company, particularly an obscure startup company, the public should check with the Division to determine whether the securities and salesmen in question are registered. In addition, investors should always be wary of any investments claiming to pay exceptionally high rate of return with little or no associated risk. For more information on these matters, the Securities Division can be reached by telephone at (602) 542-4242, by facsimile at (602) 594-7470, by e-mail at [accsec@ccsd.cc.state.az.us](mailto:accsec@ccsd.cc.state.az.us), or through its website at [www.ccsd.cc.state.az.us](http://www.ccsd.cc.state.az.us).

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